

# **Tronox Navajo Area Uranium Mines Project Implementation Plan – Accounting Strategy**

**April 2017**



## Contents

I	Purpose	4
II	Introduction	4
III	Navajo Nation Abandoned Uranium Mines Background	5
IV.	Prioritization of Work and Project Approval	6
V.	Project Funding Coordination	7
VI	Special Account Accountability and Reporting	8
VII	Updates to and Modifications of the Project Implementation Plan – Accounting Strategy	9
VIII	Project Closeout	9

## List of Acronyms

AEC	Atomic Energy Commission
ATSDR	Agency for Toxic Substances and Disease Registry
BIA	Bureau of Indian Affairs
BLM	Bureau of Land Management
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act
DOE	Department of Energy
DOI	Department of Interior
DOJ	Department of Justice
EPA	U.S. Environmental Protection Agency
IHS	Indian Health Service
MMD	Mining and Minerals Division
NAUM	Navajo Nation Abandoned Uranium Mines
NMED	New Mexico Environmental Department
NRC	Nuclear Regulatory Commission
SEMS	Superfund Enterprise Management System
SSID	Site/Spill Identifier
U.S.	United States
USEPA	U.S. Environmental Protection Agency
USFS	U.S. Forest Service
USGS	U.S. Geological Survey

## **Project Implementation Plan – Accounting Strategy Tronox Navajo Area Uranium Mines**

### **I. Purpose**

In April, 2014, the United States (U.S.) and the Anadarko Litigation Trust (“Litigation Trust”) entered into a proposed settlement agreement with Anadarko Petroleum Corporation and some of its affiliates. The settlement approved by the U.S. District Court and the U.S. Environmental Protection Agency (EPA) provided approximately \$984,500,000 for the cleanup of over 50 Tronox Navajo Area Abandoned Uranium Mines (Tronox NAUM) sites.

The purpose of this *Project Implementation Plan – Accounting Strategy Tronox Navajo Area Uranium Mines* is to outline (see Figure 1) EPA’s project implementation plan for the “Accounting Strategy and Approach,” one of the “Next Steps” identified as essential for the effective utilization of the settlement funds by EPA Regions 6 and 9. (See *Tronox Abandoned Uranium Mine Settlement: Status and Proposed Next Steps* - March 2015). Specifically, it is the purpose of this Implementation Plan to identify coordination and documentation efforts within EPA Regions 6 and 9 with respect to planning, funding, accounting, reporting, and information sharing.

The objective of this implementation plan for the “Accounting Strategy” will be to define the accounting requirements for the project and how they will be managed to ensure accurate financial tracking and reporting. The implementation plan will define the following:

- Project implementation process (Figure 1);
- Setup and breakout of Special Accounts (EPA Region 6 and 9);
- Consultation with Navajo Nation on reporting and tracking;
- Budget preparation;
- Cost documentation requirements;
- Cost tracking (labor, travel, supplies, contracting, and other);
- Cost/budget evaluation process;
- Transparent financial reporting; and
- Documentation requirement to ensure compliance with internal and external audits.

Through informal and formal consultation, the USEPA and Navajo Nation EPA will continue their ongoing process of prioritizing response actions for the Tronox NAUM sites and will determine lead responsibility for response action(s) at each Tronox NAUM site. As work associated the Tronox NAUM sites is expected to continue for many years, the contents of this plan will be reviewed annually and updated as needed or before each September 30 to reflect changes in the implementation process. The goals and objectives of this plan will be incorporated as needed into the Navajo Area Uranium Mines Program Management Plan.

### **II. Guiding Principles**

EPA Regions 6 and 9, the Navajo Nation EPA/DOJ, the New Mexico Environment Department (NMED) and New Mexico Mining and Minerals Division (MMD) met during the week of January 19, 2015 to establish a path forward to address Tronox NAUM Sites. During the January 2015 meetings, the meeting participants agreed to the following guiding principles for the actions at the Tronox NAUM Sites:

- Protect human health and the environment;

- Restore resources for beneficial use;
- Develop & maintain partnerships;
- Ensure fiscal responsibility and accountability;
- Build capacity to do work;
- Work towards consistency by sharing knowledge;
- Comply with legal requirements; and
- Early success and “Make it Better.”

### **III. Roles and Responsibilities**

#### **A. Project Coordinators**

U.S. EPA Regions 6 and 9 have designated the following persons to be each agency’s Project Coordinator responsible for the day to day coordination, communication, and decisions regarding the exercise of the agencies’ respective authorities at and affecting the Tronox NAUM sites:

##### **U.S. EPA Region 6**

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#### **B. Project Team Lead**

An EPA Project Team Lead will be identified for each prioritized project proposed in the annual “Approval and Funding Projections for Implementation of Tronox Settlement Memo.” The process for the annual “Approval and Annual Funding Projections for Implementation of Tronox Settlement Memo” is described in Section IV.A.

#### **C. Stakeholders**

Through informal and formal consultation, the USEPA and Navajo Nation EPA will continue their ongoing process of prioritizing response actions for the Tronox NAUM sites and will determine lead responsibility for response action(s) at each Tronox NAUM site. There are many other stakeholders with an interest in the response actions at the Tronox NAUM sites including: the Bureau of Indian Affairs (BIA), the Bureau of Land Management (BLM), the Nuclear Regulatory Commission (NRC), the Department of Energy (DOE),

the Department of the Interior (DOI), the Indian Health Service (IHS), the Agency for Toxic Substances and Disease Registry (ATSDR), the U.S. Geological Survey (USGS), New Mexico Environment Department (NMED), Mining and Minerals Division (MMD), and the citizens of the Navajo Nation and the State of New Mexico.

#### **IV. Prioritization of Work and Project Approval**

##### **A. Consultation and Project Proposals**

The EPA Regions 6 and 9 and the Navajo Nation will meet at least annually to continue their ongoing process of prioritizing response actions, determine lead responsibility, and to discuss joint priorities. Other agency stakeholders may be invited to this meeting. The agencies will strive to develop a coordinated prioritized project list along with estimated funding requirements for the following calendar year. Annual Region 6 and Region 9 meetings will be complemented by Region 9's regular weekly phone calls, quarterly meetings with the Navajo Superfund Program, and by-weekly calls with Region 6. The project approval process is illustrated in Figure 2.

The EPA Project Team for each Tronox NAUM site and other projects proposed for prioritization in a given year will prepare a briefing sheet and other materials as needed to present the project to the annual prioritization meeting participants. The briefing sheet will contain a brief description of project objectives, the work proposed, summary background information, past work, estimated cost, and other relevant contextual information for the proposal.

Once information about individual project proposals have been presented and discussed in the EPA, Navajo Nation, and New Mexico annual prioritization meeting, this project list will be memorialized in the annual "Approval and Annual Funding Projections for Implementation of Tronox Settlement Memo." The memo will be presented to the EPA Region 6's Branch Chief, Technical and Enforcement Branch, Superfund Division, for concurrence and then to the approving official, EPA Region 9's Assistant Director, Superfund Division, for signature. The final "Approval and Annual Funding Projections for Implementation of Tronox Settlement Memo" for each year, recording approval of projects considered and approved for that year, will be appended to this Implementation Plan for ease of reference and also filed into the Superfund Enterprise Management System (SEMS).

In the event that a project appears to be at risk of exceeding its allocated funding, EPA Region 6 and 9 project teams will consult on project status and present a recommendation to the approving official whether to allocate additional funding to the project in advance of the next annual funding cycle. Funding requests for project activities that exceed a single fiscal year will include cost estimates that incorporate current allocations, project status, future work plans and schedules for the subsequent year. EPA will consult with the Navajo Nation during the course of a year on new funding requests not considered in the "Approval and Annual Funding Projections for Implementation of Tronox Settlement Memo." EPA may then approve an "Annual Funding Projection for Implementation of Tronox Settlement Memo Amendment," if EPA in consultation with Navajo Nation, deems a new project not listed in the original memo appropriate for the current fiscal year.

The EPA Region 6 and 9 Project Coordinators will continue coordination calls, as necessary, to provide an overview of project(s) status. More specific topic conference calls may be scheduled with the appropriate representatives from EPA Regions 6 and 9, and other stakeholders, as warranted. The key topics for the coordination calls include but are not limited to: accounting and special accounts, reporting and accountability, contracting, technical approaches, and data management.

## **B. Document Sharing**

EPA Regions 6 and 9 will make project documents available to each other through the data management system currently under development for activities associated with the Tronox Settlement. Such documents may include, but not be limited to:

- Scope of work to be performed and estimated costs;
- Project management procedures and contracts;
- Project design and construction specifications;
- Removal Assessment Reports or other report documenting site conditions;
- Engineering Evaluation/Cost Analyses and Remedial Investigation/Feasibility Studies;
- Draft and final Risk Assessments;
- Action Memoranda;
- Proposed Plans and Records of Decision;
- Community Involvement Plans;
- Certifications of completion issued for response actions at Tronox NAUM sites;
- Long-term operations and maintenance/post removal site control plans; and
- Future response actions in the event of a remedy failure.

Each initial draft and subsequent versions of documents will require a naming convention such that versions of drafts and the final document may easily be identified, as well as the location(s) on document sharing sites.

## **V. Project Funding Coordination**

### **A. Special Accounts Structure**

EPA Region 9 will establish a “Tronox Navajo Area Uranium Mines Special Account,” as well as a series of sub-accounts for individual sites/projects within the overall umbrella account that will be used to address the Navajo Area Uranium Mines.

EPA Region 6 will use a special account structure similar to EPA Region 9 to address the Tronox NAUM sites in New Mexico. This account will cover activities associated with site-wide activities. Additional SSIDs will be established for each site or project approved in the annual “Approval and Annual Funding Projections for Implementation of Tronox Settlement Memo.”

In order to assure consistency and tracking, special accounts associated with the Tronox/Kerr McGee settlement will be named “Tronox NAUM – [mine number and name or project name].”

### **B. Work Planning and Special Account Funding Schedule**

On an annual basis, EPA Regions 6 and 9 in consultation with Navajo Nation will identify priorities for activities associated with the Tronox NAUM sites. Per Paragraph IV of this Project Implementation Plan, the EPA Regions 6 and 9 and the Navajo Nation will meet at least annually to establish joint priorities with estimated funding requirements for the following year that will be memorialized in the “Approval and Annual Funding for Implementation of Tronox Settlement Memo.” The establishment of special accounts will be based on the “Approval and Annual Funding for Implementation of Tronox Settlement Memo.”

## **VI. Special Account Accountability and Reporting**

EPA personnel working on any facet of work being conducted with respect to the Tronox settlement will be trained in the use of special accounts, use of special account action codes, site charging in time reporting system (PeoplePlus), financial document reviews, record keeping, administrative records, filing of documents, and drafting of proper documentation described in this section of the Project Implementation Plan.

EPA Project Team Leader working on the Tronox settlement will be required to submit an annual summary to the Project Coordinators for each project or site on or before January 31<sup>st</sup> of each year (beginning with January 2015). The monthly report may include, but not limited to the following:

- project progress and significant accomplishments (i.e. investigations, community outreach, meetings, grants.....) this reporting period;
- project and/or activities having an impact on Navajo;
- project codes used this reporting period;
- challenges encountered and resolutions to address during this reporting period; and
- projected activities planned for next reporting period.

### **A. Review and Documentation of Expenditures**

EPA Regions 6 and 9 shall conduct audits of their respective special accounts by reviewing (1) quarterly reports (i.e. contractor invoices, payroll costs, travel costs, expenses...) and (2) annual certified cost packages of the general accounts and the site-specific associated sub-accounts. All costs including, but not limited to, payroll, travel, contracts, grants, and interagency agreements will be included in the quarterly and annual reports.

#### **1. Quarterly Reviews and Reports**

The purpose of the quarterly reviews is to allow the EPA Project Team Leader to monitor charges as the project proceeds, identify any mischarging, and make corrections so that the process of reviewing and certifying the annual cost package can be expedited. It will be the responsibility of each individual who charges to a Tronox NAUM special account or subaccount SSID to accurately document site or project related costs.

The EPA Project Team Lead will communicate any concerns about charges to the EPA Project Coordinators and relevant Superfund accounting staff for resolution.

#### **2. Annual Site/Project Certified Cost Reviews and Reports**

The purpose of preparing annual certified cost packages is to establish annual auditing for each site/project by Superfund Financial Accounting personnel. Annual certified cost packages are expected to document site costs, as well as assist in responding to both internal Agency management as well as external inquiries concerning site/project progress and associated costs.

An annual certified cost package will be requested (starting for FY2016) to capture site or project costs for each SSID for each year beginning from the date of approval in the "Approval and Annual Funding Projections for Implementation of Tronox Settlement Memo," and will be due the quarter following the close of each fiscal year.



In accordance with standard EPA Region 6 and 9 procedures, certified cost packages will be prepared by qualified Superfund Accounting Staff, based on standard financial audit trail documentation.

A “*Tronox Navajo Area Uranium Mine Annual Report*” will be developed by EPA Regions 6 and 9 for all projects initiated under all “Approval and Annual Funding Projections for Implementation of Tronox Settlement Memos,” including addendums since the last annual report. The Tronox Navajo Area Uranium Mine Annual Report will highlight project activities and provide accounting summaries. The report will be issued within six (6) months of the end of the fiscal year covered by the report.

The EPA Project Team Lead will document receipt and review of the annual certified cost package in a memo filed in the site/project file in SEMS.

## **B. Site/Project Work Performed Documentation and Records**

Working documents generated by project team members will be housed and shared in the relevant databases or electronic programs used by the project team to conduct the work, as outlined in Section IV.B. *Document Sharing* above.

Documents that are Superfund records, including such items as final reports, documents included in site-specific administrative records, and drafts or working documents containing record material, will be filed and retained in the site/project file in SEMS in accordance with Superfund recordkeeping procedures.

## **VII. Updates to and Modifications of the Project Implementation Plan – Accounting Strategy**

The Project Implementation Plan – Accounting Strategy is expected to be a dynamic document such that progress, acquired knowledge and modifications can be reflected in subsequent versions of this document.

When changes to this Project Implementation Plan- Accounting Strategy are needed, this Plan may be modified by the EPA Assistant Director – Superfund Division for Region 9 after consultation with the Associate Director for Region 6.

## **VIII. Project Closeout**

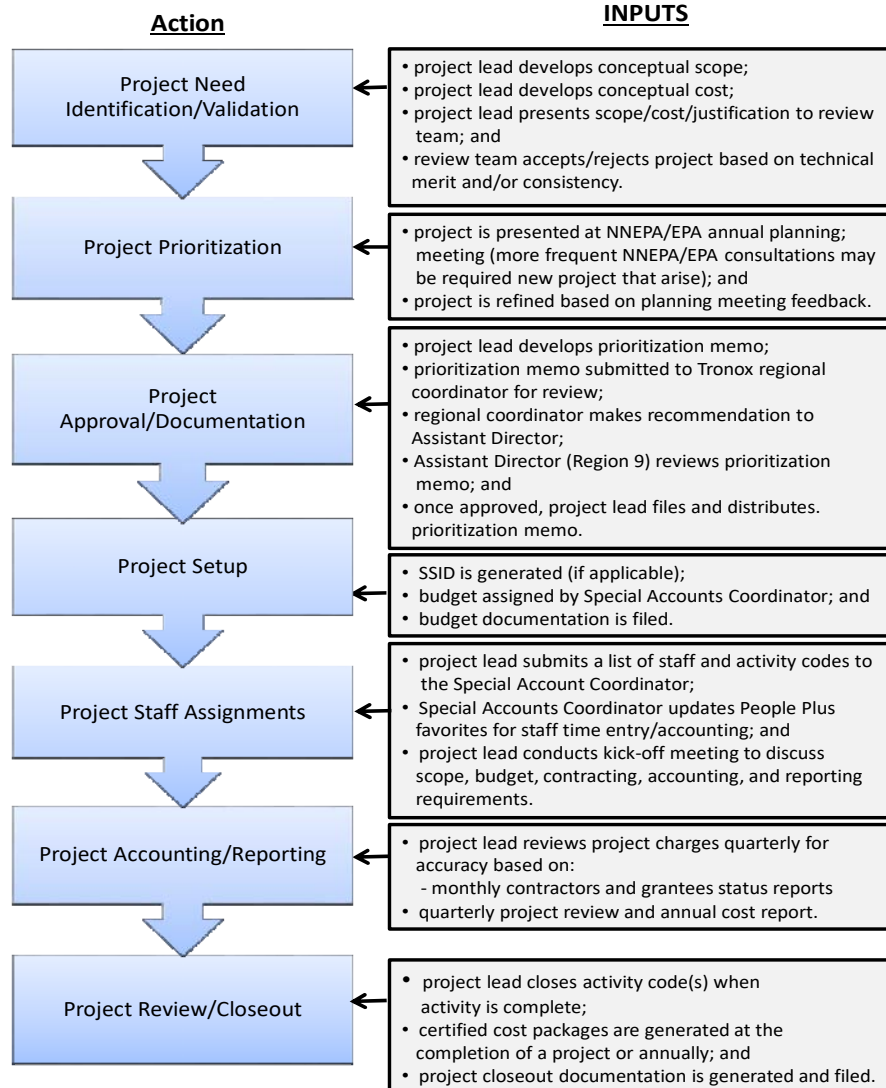
The EPA Project Team Leader will close out the SSID and activity codes for each project, and report closure to the Region 6 or Region 9 Project Coordinator, as appropriate, within one year after project completion.

To close out the project, the EPA Project Team Leader will verify and notify the Region 6 or Region 9 Project Coordinator of project completion in a memorandum documenting that:

- the field work and reporting has been completed;
- notifications or close-out letters to third parties (residents, current property owners, etc., if any) have been sent;
- all project records generated or received have been filed into the project file in SEMS;
- quarterly reports and records of team review have been filed into the project file in SEMS;
- annual certified cost packages for the project have been prepared, approved, and filed into the project file in SEMS;
- the final certified cost package for the project has been prepared, approved, and filed into the project file in SEMS;
- final invoices have been received, reviewed, and paid for all Task Orders, grants, or other non-EPA

- financial obligations;
- all obligated funds remaining are deobligated; and
  - the SSID and activity codes for the project have been closed.

**Figure 1: Project Implementation Process**



# Figure 2

## Project Approval Process

### 1<sup>st</sup> Quarter CY

Solicitation of new and continuing projects.

### 2<sup>nd</sup> Quarter CY

Collaboration on proposed project approach and scope.

Continue solicitation of projects.

### 3<sup>rd</sup> Quarter CY

Present list of proposed projects and estimated costs.

### 4<sup>th</sup> Quarter CY

Finalize proposed projects for the funding document.

Communication and Collaboration

